74-106

Supreme Court, U. S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1974.

No. ~~74-106~~

ALBERTO-CULVER COMPANY, LEONARD H. LAVIN & COMPANY AND CAPITOL PACKAGING CO.,
Petitioners,

vs.

LA MAUR, INC.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT.

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Gunthorp-Warren Printing Company, Chicago • 346-1717

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT.

Petitioners, Alberto-Culver Company and Leonard H. Lavin & Company, defendants in the District Court, appellants below, and petitioner Capitol Packaging Co., counterclaimant in the District Court, appellant below, pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Eighth Circuit entered in the above case on May 14, 1974.

I.

OPINIONS BELOW.

The opinion of the District Court appears as Appendix A hereto, *infra*, pp. A1-22, and is reported at 179 U. S. P. Q. 607. The Opinion of the Court of Appeals appears as Appendix B hereto, *infra*, pp. A23-24, and is reported at ..... F. 2d ..... and 182 U. S. P. Q. 10.

II.

JURISDICTION.

The judgment of the Court of Appeals was entered on May 14, 1974 (Appendix B, *infra*, p. A23). Rehearing was denied on June 14, 1974 (Appendix C, *infra*, p. A25). The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1) and 15 U. S. C. § 1122.

III.

QUESTIONS PRESENTED.

1. Should the owner of a federally registered trademark, consisting of an extraordinarily common word in the relevant industry, be given a patent-like monopoly of unlimited duration, thereby enabling that party to prevent competitors from using that common word as a part of any other brand name?

2. Does a federally registered trademark confer upon its owner the right to use the trademark and registration to obtain exclusive supply agreements from third party trademark owners?

IV.

STATUTES INVOLVED.

The statutes directly involved in the petition are 15 U. S. C. §§ 1, 15, 26, 1052(d-f) and 1116 which are set forth in Appendix D hereto, *infra*, pp. A26-30.

V.

STATEMENT.

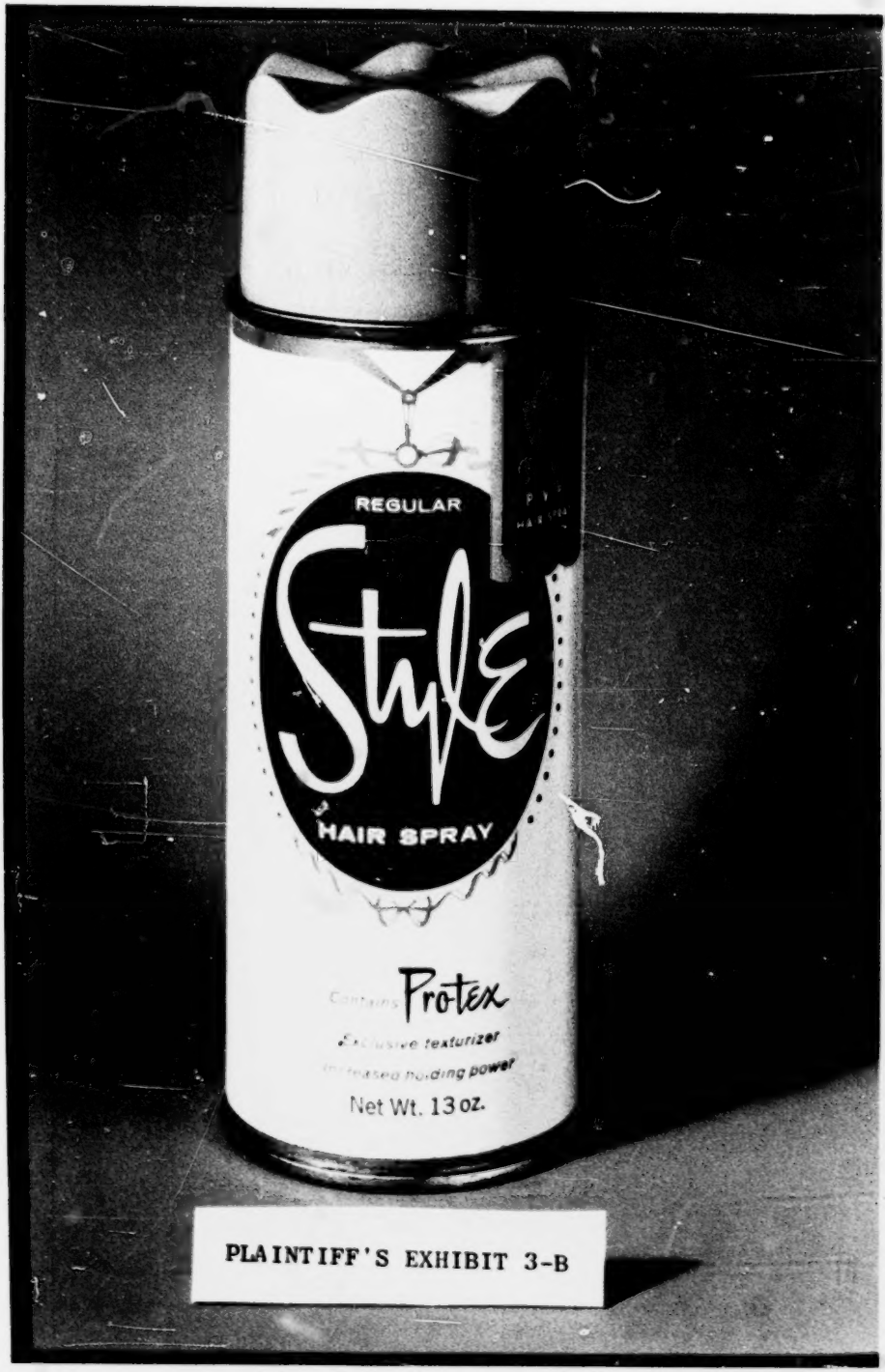
A. The Nature of the Case and Its Disposition Below.

Respondent, La Maur, Inc., brought this suit for trademark infringement and unfair competition. The jurisdiction of the district court was invoked because this is an action arising under the trademark laws of the United States (15 U. S. C. § 1121; 28 U. S. C. § 1338) and because of the diversity of citizenship of the parties (28 U. S. C. § 1332(a)).

This suit was based on La Maur's contention that the use by petitioner Alberto-Culver Company of the name "Blondes American Style" for a retail hair blonding kit infringes La Maur's trademark rights arising from its registration and use of the word "Style," and derivations thereof, for hair spray and other hair care products. La Maur's use of "Style" in its fanciful script form and Alberto Culver's use of its "Blondes American Style" are depicted on the next two pages.

Alberto-Culver's subsidiary, Capitol Packaging Co., counterclaimed alleging La Maur's policy and practice of using its trademark rights and federal trademark registrations to obtain exclusive supply agreements from numerous third parties who use the word "style" and derivations thereof as a part of their own trade name, trademark or descriptive designation on private label aerosol hair spray products.[1] The damage arising from these exclusive supply agreements is the foreclosure of Capitol Packaging from a segment of the private label aerosol hair spray market. Capitol Packaging Co. seeks attorneys' fees in accordance with Section 4 of the Clayton Act (15 U. S. C. § 15) and injunctive relief in accordance with Section 16 (15 U. S. C. § 26).

1. The products sold by these third parties are known as private label products because they are manufactured by companies such as Capitol Packaging or La Maur's subsidiary Beautifax for the third parties and are packaged under brand names specifically chosen and owned by the third parties.



PLAINTIFF'S EXHIBIT 3-B

AMERICAN
STYLE
Northwoods Frost
BT2
Blondes
AMERICAN
STYLE

The District Court found for La Maur on all counts and dismissed the antitrust counterclaim without reaching the merits on the ground that Capitol Packaging failed to prove damages (App. A, *infra*, pp. A19-22). The Court of Appeals affirmed in a *per curiam* decision (App. B, *infra*, pp. A23-24).

B. The Relevant Facts.

1. The Hair Care Industry and Its Use of the Word "Style" and Derivations Thereof.

(a) *The Nature of the Industry.*

Hair care products used to help style or otherwise beautify the hair are sold to retail consumers through traditional retail outlets, such as drug stores and department stores, through beauty and barber shops, and through beauty dealers who operate stores that are patronized by both the general public and professional beauticians and barbers. La Maur and Alberto-Culver are general line companies selling a wide variety of hair care products at all levels of distribution. Both parties also have a subsidiary engaged in the business of selling private label aerosol hair spray to third parties who wish to sell hair spray under their own trade names or trademarks, but do not have manufacturing capacities. La Maur's private label hair spray business is through its wholly owned subsidiary known as Beautifax, Inc. Alberto-Culver's private label hair spray business is through its wholly owned subsidiary Capitol Packaging Co. Private label hair spray is displayed and sold by owners of the private brands in their own department stores, beauty salons or other places of business.

(b) *The Use of "Style" and Derivations Thereof in the Hair Care Industry.*

From the inception of the hair care industry, one of the most commonly used words has been "style." It is the word around which the whole industry is built. Throughout the years, "style"

and its derivations have been used extensively as a part of brand names. Examples of current brand name usage of "style" by third parties include the following:

Stylotion
Nestyle
Stephan Stay-Styled
Style 'N Dri
Salon Styler
Tease 'N Style
Style Tender
Styler
Mini-Styler
Little Tease N Style
Style Setter
Hollywood Style
Styledge
Dry Styler
Style Creator Service
Mini-Styler
Curl 'N Style
Your Style
Air Styler
French Style Unicum
Lorraine French Style
Slim Style
Smartly Styled by Duray
Hair Styler
Tease & Style
Body-In-Style
Hold 'N Style
Strait 'N Style
Curl 'N Style
Dry 'N Style
Free Style
Stylors
Stylesaver
Stylist 5
Stylemaker
Style Master
Rayon Stylemaster
Southern Style Setter
Hi-Style No. 7
Styl-ez
Stylist Friend
French Hi-Style
Pro Styler
Style Dryer
Styliner
Style Iron
Pro Style
Instant Style and Dry
Style Stream
Style Curlers
Style Right

"Style" and its derivatives are also used extensively as brand names for private label hair sprays and for many years La Maur itself has supplied countless customers with hair spray packaged under private brands featuring the word "style" or derivatives thereof. The following are examples of some of the brand names used by La Maur's own customers:

Style Center
Caprice Style Set
Stylorama
Florence's Style Salon
Ree's Stylers
Style'n Grace Beauty Salon
House of Stephan Style Salon

Jeanne's House of Style
Mr. Allen's Hi-Style
Lee's Style
Styles by Diane
Stylish
Styles by Style-O-Rama
Style Mist by Louise
Roberts Continental Style
Style Set by Olga
Hi-Style by Fontaine Bleau
Style Spray by Robert
Pat's Style Prestige
Louise's Style Shoppe
Style Coiffures by Max
Style-Ette Beauty Salon
Style Care
Hi-Style by Leonard
Style Rite Magic Mist
Inn Styles
Esther's Styleline
Magic Touch Style Prestige
Ann's Art Styles
Style-A-Rama
Lady Windsor Heights of Style
Larry's Style Set
Hy-Style by Roena
Sirs Stylecut
Hi-Style Salon
Stylemasters
Nu-Style
Jims House of Styles
Don's Barber Style
Key to Beauty Style Mist
Salon of Style
Stylecrest
Styles by Parkview
Hair Style House
Style by Finesse

Throughout the years, "style" and its derivatives have regularly been used to describe the function and use of virtually every hair care product. Examples of such descriptive usage (as opposed to brand name usage) of "style" are:

"Richanne's" Style Spray
"Richards" Style Spray
"Penny's" Style Spray
"Key to Beauty" Style Mist
"Luster's" Style Creme
"Dep For Men" Style Foam
"Lilt" Style Kit
"Helene Curtis" Wig Style and Restyle Lotion
"Krew Comb" Style Creme
"Rayette" Style Rod Refills
"Care Fix" Style Finisher
"Lucia" Style Brush

Styling gels, lotions, sprays and a host of other products have been developed to help both women and men "style" their hair or maintain the "style" they desire. A beauty salon is

often referred to as a "style salon" and the beauty operator as a "stylist." Over 9,000 beauty salons throughout the country use "style" or a derivative as a prominent part of their trade names. The word "style" and its derivatives appear everywhere hair care products are used or sold. No other word is more commonly used in the advertising, promotion and packaging, of hair care products. As concluded by the District Court, "style" is "an extraordinary common term" in the hair care industry (179 U. S. P. Q. 611, *infra*, p. A8).

2. La Maur and Its Use of the Word "Style" and Derivations Thereof.

In 1945, La Maur started minimal use of the word "Style," displayed in a stylized script form, for a hair styling product for beauty salons. In 1952, La Maur began using "Style" for a hair spray. During the 1960's, La Maur began selling, under the name "Style" and derivations thereof, styling lotions, gels, permanent waves, conditioners, shampoos, electric hair dryers, combs, scissors, and other hair care products.

In 1963, La Maur obtained its first federal trademark registration for its "Style" mark. Since then, it has registered several other derivations of the word "Style." La Maur's use of "Style" as a trademark on its products has always been in the stylized script form depicted in the above photograph, *supra*, p. 4.

3. La Maur's Policy Toward Competitors Who Use the Word "Style" and Derivations Thereof.

Despite the common use of the word "style" by third parties in the hair care industry, La Maur, since the mid 1960's, has followed a pattern of objecting to and threatening litigation against certain competitors who use the word "style," or derivations thereof, in connection with every conceivable hair care product ranging from hair sprays to combs and wig holders. La Maur's objections and threats of litigation have gone not only to brand names which include "style" *per se*, but have extended to virtually

every derivation of the word including such descriptive usages as "styling" and "stylist."

In 1964, La Maur formulated a policy, which continues today, whereby it permits a segment of the private label market to continue using "style" on their private labels provided these third parties agree to use La Maur as their exclusive supplier. By couching the arrangement in the form of a signed "consent form," La Maur has permanently captured this segment of the private label market. In defense of this practice, La Maur asserts that the exclusive supply agreements are a valid means of protecting its trademark rights. The "consent form" which these third parties are required to acknowledge and sign in order to continue to use their own private labels reads as follows:

> "The use of this label is consented to by La Maur, Inc. only when the product is purchased from Beautifax, Inc., a subsidiary of La Maur, Inc."

La Maur has obtained signed "consent forms" from more than one hundred private label owners who use "style" or a derivation thereof, including many who use the word in the purely descriptive form of "styling," "styler" and "stylist". Among such persons who have been induced to sign La Maur's "consent forms" are the owners of the following private labels:

Bob Shop Styling Hair Spray
Richard's Hair Styling
Maries Styling Hair Spray
Jims Styling Hair Spray
Lorraine's Styling Hair Spray
Hazel's Hairstyling
Styling Spray by Northcutt's
Beauty-Rama Styling Spray
John-Charles Styling Spray
Continental Stylists
Stell-Mar Styling Mist
Enny of Italy—Styling Mist
Peg Horns Styling Mist
Key To Beauty Style Mist
Larry's Style Set
Berties Salon Of Style
Salon Of Style
Hi-Style Salon
Style Coiffures By Max
Styles By Cameo Beauty Salon
Jeanne's House Of Style

Beauty Bar Styling Hair Spray
My Fair Lady Professional Styling Hair Spray
Louises Styling Hair Spray
Sta Set Setting And Styling Hair Spray
Modern Styling Hair Spray
Beautyland Hairstylists Styling Hair Spray
Josef's Styling Hair Spray
Rachel's Beauty Salon High Styling Hair Spray
Hammonds Hair Stylists Hair Spray
Gladys Marie Your Stylist Spray
Julie the Stylist Spray
Rita's Stylist Spray
Richanne's Style Spray
Curling Wheel Style Spray
Stylorama Beauty Salon Set & Hold Hair Spray By Mr. T
Hi-Style By Leonard
Mr. Allens Hi Style
Style 'N Grace Beauty Salon
Lee's Style
Style-ette Beauty Salon Super Hold Hair Mist
Stylorama Crown Of Beauty
Lady Windsor Heights Of Style
Style By Finesse
Ree's Stylers
Style Spray by Tony Dee
Micheline Hair Styles
2+2 Styling Spray

4. Capitol Packaging Co.'s Private Label Hair Spray Business.

Capitol Packaging Co. is a major competitor of La Maur's private label subsidiary, Beautifax, Inc. Capitol Packaging and Beautifax compete for the same private label hair spray business and, to some extent, sell to mutual customers.

Capitol Packaging Co. also had customers who used the word "style" on their private labels. These particular private label owners were not tied to La Maur. Since the entry of the Judgment of the District Court on August 27, 1973, however, Capitol Packaging has been enjoined from accepting any reorders of private label business from these customers and from soliciting any new orders from the many others who similarly use the word "style" on their private label packages (Appendix E, *infra*, pp. A31-32).

VI.

REASONS FOR GRANTING THE WRIT.

A. No One Should Be Granted a Brand Name Monopoly in a Word Commonly Used in the Relevant Industry.

Trademarks are an important form of industrial property in the world's industrial societies. Manufacturers and purveyors of goods and services identify their particular products and services with trademarks, and most all governments throughout the world grant some protection to trademark owners. International and domestic agreements between businessmen regularly involve these property rights. When dealing with manufactured goods, particularly consumer goods, virtually every sale of a business, every joint venture, every distribution and manufacturing agreement, and every franchise agreement involves the trademark rights of the parties. In the United States, federal trademark registrations are granted under the Lanham Act (15 U. S. C. §§ 1051-1127). The United States Department of Commerce informs us that there are more than 400,000 subsisting federal trademark registrations issued to domestic and foreign registrants, and more than 34,000 new applications are received each year.

Because of the great impact on interstate and foreign commerce, it is of utmost importance that this Court consider and construe the scope and limitation of the Lanham Act in order to determine, as a matter of national policy, whether common words may be taken from the public domain and made the exclusive property of one owner. Although enacted in 1946, the scope of trademark rights encompassed by this all important commercial statute, which is the basis of hundreds of cases filed in the federal courts each year, has not previously been construed or commented upon by this Court.

The fundamental question raised in this case is whether any word which is commonly used in a particular industry is capable

of being withdrawn from use in that industry as a part of a trademark and given to one person as his exclusive domain. This question turns on whether the Lanham Act has changed the scope of what may properly be withdrawn from the public domain and made the exclusive property of one person.

In 1926, this Court, in *American Steel Foundries* v. *Robertson*, 269 U. S. 372, 383 (1926), acknowledged that it would be a serious matter if the law permitted a company, which chooses to adopt a commonly used word as a means of trade identification, to withdraw such word from public use as a trademark and thereby monopolize the word to itself. Undeniably, the lower courts, relying on the Lanham Act, have here reached an opposite result in holding that a word in common parlance may become the exclusive property of one person.

The Lanham Act, like its predecessor statutes, provides for the registration of trademarks which do not resemble marks or trade names previously used by others (15 U. S. C. § 1052(d)). The Act was specifically designed to prevent the registration of common words which are merely descriptive of the goods to which they are applied (15 U. S. C. § 1052(e)). The doctrine of "secondary meaning" was incorporated into Section 2(f) of the Act (15 U. S. C. § 1052(f)) to provide for the registration of words that are merely descriptive only if it can be shown that the mark has become distinctive as a result of substantially exclusive use for a period of years. The courts and the Patent Office, however, have often considered the words "substantially exclusive use" to mean exclusive use on goods in a narrowly defined area rather than inquiring generally into whether there exists other widespread use of the word in the same industry, such as for other products, as parts of other trade names, or as common, descriptive terms.

The national policy of protecting the public from confusion, mistake or deception, upon which the Lanham Act is based, is in no way advanced by allowing one person to obtain a monopoly for a word that is commonly used in a particular in-

dustry. This Court stated, in *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U. S. 315, 335 (1938), that trademark rights should not confer a monopoly in the use of the word, but should merely protect against "the sale of goods of one manufacturer for those of another." Nothing in the legislative history of the Act or the words of Section 2(f) should or does confer exclusivity to a merchant who adopts a trademark which consists of a word that is commonly used by others in the same industry as a part of innumerable brand names, trade names and descriptive titles. To confer exclusivity to one person for such a common word is contrary to free competition in the marketplace with no concomitant benefit to the public.

In the present case, the lower courts have acknowledged that the word "style" is "an extraordinary common term in the hair care . . . industry," but held that La Maur is entitled to withdraw such common word from public use as a part of any trademark because of its "substantially exclusive use" (i.e., secondary meaning) in a very limited area of the market. It is just such misinterpretation of the phrase "substantially exclusive use" that has progressively led the federal courts in recent years to confer patent-like monopolies in common terms. Conceptionally, it should be contradictory and against public policy to hold that any word in "extraordinary common use" within a given industry is simultaneously in "substantially exclusive use" and may therefore be appropriated by one person within that industry.

A public policy of free competition must have as one of its prime tenants the proposition that in any industry which has a prevalent word. that common word should not be allowed to be monopolized by any one person. The relationship of the word "style" to the hair care industry is but one example of the impact a word can have in a particular industry. If in a billion dollar industry made up of hundreds of manufacturers, one company can lawfully claim that it alone is entitled to use, as a part of a trademark, "the word around which that industry is built," it will clearly inhibit the ability of others to compete in that industry

by depriving them of an apt means of suggesting to the public through the use of trademarks what their product is or hopefully will do. The federal trademark statute, designed to protect against unfair competition, should not be distorted into a means for enabling persons to stifle fair competition.

During the quarter century following the enactment of the Lanham Act, the granting of trademark rights has steadily grown broader and more pervasive. Common words are being virtually removed from the realm of commercial expression by the granting of trademark registrations. Courts have progressively become more prone to grant exclusivity in ordinary English words such as STEAK & BREW for the sale of steak and brew and CONFECTION ROLL for confections.[2] The Patent Office, charged with the administration of the Lanham Act, has likewise granted exclusive rights to the use of such alleged marks as TASTY SNACKS for tasty snack products.[3]

The present case is a classic example of the absurd results that are being arrived at under the mistaken belief of protecting the public. In practice, the Patent Office is registering all manner of descriptive, common words and the federal courts are granting patent-like protection to the registrants merely because they have been granted federal trademark registrations. Unless this Court intercedes and interprets this, one of the nation's most pervasive and important commercial statutes, the tendency on the part of the federal courts and the United States Patent Office to confer patent-like monopolies in common words will undoubtedly continue.

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2. *Longchamps, Inc.* v. *Eig*, 315 F. Supp. 456 (S. D. N. Y. 1970); *Baker Boy Bakeries, Inc.* v. *Old World Baking Co.*, 116 U. S. P. Q. 567 (N. D. Ill. 1958).

3. *In re Quality Food Products, Inc.*, 175 U. S. P. Q. 559 (TT&A Bd. 1972).

B. La Maur's Use of Its "Style" Trademark and Federal Registrations to Obtain Exclusive Supply Agreements from Third Party Trademark Owners Is Against Public Policy and Should Be Declared a Per Se Violation of Section I of the Sherman Act.

This case also brings before this court the policy issue of whether trademarks may be used to circumvent the antitrust laws. Simply stated, this case involves a manufacturer who owns a federally registered trademark saying to the owners of beauty salons and other businessmen who have no manufacturing capacity but sell private label hair spray under their own private brands or in packaging using a common descriptive term:

> "We own a federally registered trademark which may be infringed by your mark or descriptive usage. We will not object to your use if you agree to purchase from us all future goods to be sold under your private labels."

Petitioner submits that this is an overextention of the power conferred to trademark owners and an unlawful extention of the rights conferred by federal trademark registrations.

La Maur's attempted justification for its practice of inducing exclusive supply agreements is summarized in the following letter to its customer Mercantile Stores who was using the purely descriptive term "styling spray":

> "As you undoubtedly know, La Maur manufactures and sells a very popular brand of aerosol hair spray under its registered trademark STYLE. In order to protect this trademark, La Maur must and does object to any use by other manufacturers of a name deceptively similar to STYLE. Although no problem is presented when La Maur sells to your company a private label aerosol hair spray under the name LACE NET STYLING SPRAY, it should be clearly understood that, by doing so, La Maur is not consenting to the use of the word STYLE or any derivative thereof as the name or part of the name for an aerosol hair spray manufactured by another company."

Although Mercantile Stores did not accept this reasoning and refused to sign an agreement "for a LACE NET STYLING SPRAY label exclusive with La Maur," over one hundred persons have been successfully induced to sign such exclusive supply agreements, *supra*, pp. 10-11.

The inducement of private label customers to sign agreements that have the effect of limiting future sources of supply is anti-competitive and not justified by any countervailing force. The specific effect of La Maur's consent agreements is to tie the third parties' freedom to continue their unharrassed use of their own labels to the purchase of their aerosol hair spray requirements exclusively from La Maur. The vehicle for establishing this illegal typing arrangement is La Maur's "Style" trademark and federal registrations.

The general test for determining the legality of tying arrangements was stated by this Court in *Northern Pacific R. Co.* v. *United States*, 356 U. S. 1 (1958); *United States* v. *Loew's, Inc.*, 371 U. S. 38 (1962); and *Fortner Enterprises, Inc.* v. *United States Steel Corp.*, 394 U. S. 495 (1969). This Court, however, has not yet dealt with the use of trademarks as an anti-competitive device. The present case points up the need for this Court to clarify the judicial doctrine of tying arrangements in a setting where the trademark owner claims privilege to enter into tying arrangements because of the alleged necessity of protecting its federally granted rights.

The general criteria for tying agreements are present here. Two distinct items are involved since La Maur's consent to the use of the word "style," and derivations thereof, is what causes third party trademarks owners to sign the form with the understanding that they must purchase La Maur's hair spray (the tied item) if they want to be free to use their own private labels employing that word, or any derivations thereof, such as "styling," "stylist," etc. (the tying item). The permission to use a name, word or trademark has been recognized in franchise cases to be a "tying item in the traditional sense." *Siegel* v.

Chicken Delight, Inc., 448 F. 2d 43, 47 (9th Cir. 1971); *Susser* v. *Carvel Corp.*, 332 F. 2d 505, 519 (2d Cir. 1964).

The tying item possesses sufficient economic power to restrain competition in the tied product market since the tying item, "style" and derivations thereof, is important and uniquely desired by those private label customers who use "style" as a part of their brand names or trade names, and by those who wish to use "style", or some derivation thereof, to describe their products. La Maur's federal trademark registrations of "Style" present the appearance of a legal barrier and therefore raise a presumption of sufficient economic power. *Siegel* v. *Chicken Delight, Inc.*, 448 F. 2d at 50; *Susser* v. *Carvel Corp.*, 332 F. 2d at 513. Moreover, La Maur's economic power is enhanced by the fact that other competitors in the aerosol hair spray field have been induced by La Maur to refuse orders from such private label customers.

A "not insubstantial" amount of commerce is affected by the arrangement since the volume of La Maur's private label aerosol hair spray business with others using "style," or derivations thereof, is not insubstantial. As stated by this Court in *Fortner Enterprises, Inc.* v. *United States Steel Corp.*, 394 U. S. 495, 501 (1969), the important factor is the amount involved regardless of whether a significant percentage of the relevant market is affected. La Maur has obtained signed "consent forms" from more than a hundred private label sellers of hair spray who use the word "style," or some derivation thereof, and their purchases have exceeded a quarter of a million units.

The basic wrong of La Maur's tie-in, like all traditional tying arrangements, is that it denies competitors, including Alberto-Culver's private label subsidiary Capitol Packaging Co., free access to the tied product market because of the control exerted by the tying item. This is the hallmark of a tying arrangement. Thus, unless there is some unique justification for such tying arrangement because of federal trademark registrations,

it should constitute a *per se* violation of Section 1 of the Sherman Act (15 U. S. C. § 1).

The claim by La Maur that its consent agreements are privileged because they are a means of avoiding a charge of acquiescence in third party usages of "style" should not be a legal justification. If third party usages of "style" are in fact infringements of La Maur's federal registrations, the proper remedy should be to proceed with an injunction in accordance with the remedial section of the Lanham Act (15 U. S. C. § 1116). The Lanham Act does not contemplate exclusive supply agreements in violation of the antitrust laws.

The district court refused to consider the merits of the counterclaim on the grounds that "Capitol Packaging has not shown the harm requisite to recovery under any of the antitrust laws." The lower courts' reliance on 15 U. S. C. § 15 and *American Infra-Red Radiant Co.* v. *Lambert Industries, Inc.*, 360 F. 2d 977 (8th Cir. 1966), was misplaced and caused the courts to conclude that Capitol Packaging is not damaged because it cannot show that, "but for" La Maur's unlawful acts, Capitol Packaging would have done a certain amount of business. Even though lost sales are incapable of ascertainment, Capitol Packaging should be entitled to injunctive relief pursuant to Section 16 of the Clayton Act (15 U. S. C. § 26). It should only be necessary to establish, as Capitol did, that there is a *per se* violation or impending violation of the antitrust laws and that such violation threatens Capitol with future injury to its private label business. *Zenith Radio Corp.* v. *Hazeltine Research, Inc.*, 395 U. S. 100, 130 (1969); 15 U. S. C. § 26. Moreover, even were the counterclaims validly denied on these grounds, the facts involved should give rise to a sufficient affirmative defense as pleaded by petitioner Alberto-Culver.

This court has considered the use of patent licenses to circumvent the antitrust laws. *International Salt Co.* v. *United States*, 332 U. S. 392 (1947), and some lower courts have

applied this Court's teachings to cases involving the misuse of trademarks in the area of franchise license agreements. Unlike the trademark licensing cases, however, the present case is unencumbered by licenses or collateral issues of trade secrets and quality control. It poses a clear issue of the use of federal trademark rights as a means of circumventing the mandate of the Sherman Act and should be denounced by this Court accordingly.

VII.

CONCLUSION.

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX A

UNITED STATES DISTRICT COURT
District of Minnesota
Fourth Division

LA MAUR, INC.,
Plaintiff,
vs.
ALBERTO-CULVER COMPANY and LEONARD H. LAVIN & COMPANY,
Defendants.

No. 4-70-Civ. 442

MEMORANDUM DECISION AND FINDINGS OF FACT AND CONCLUSIONS OF LAW

La Maur, Inc., (hereinafter La Maur) brought this action under the trademark laws to enjoin defendant Alberto-Culver Company's (hereinafter Alberto-Culver) manufacture and distribution of a hair lightening product named "Blondes American Style," alleging that the use of the term "style" in the product name infringed La Maur's primary trademark "Style" and the family of trademarks derived therefrom. Plaintiff's original complaint sought damages as well as an injunction. However, "Blondes American Style" did not attract a sufficient following to become a viable competitor among hair care preparations. It was forced from the market long before this trial began, an economic failure. Of necessity, then, the damage claim was dropped.

Alberto-Culver responded with a counterclaim couched in the language of the antitrust laws, a claim which eventually matured into three counts. Alberto-Culver alleged that La Maur had

adopted a descriptive, and therefore illegal, term as its trademark and had mounted a continuing campaign to monopolize that term, in violation of the antitrust laws. A further antitrust claim was put forward by Capitol Packaging Company, a subsidiary of Alberto-Culver, charging La Maur with attempts to monopolize that portion of the hair spray business known as the private label industry through tying arrangements and exclusive dealing. Defendants seek to enjoin the alleged monopolistic practices, to have La Maur's "Style" trademark canceled, and to be financially remunerated by treble the attorneys' fees arising from this action.

I. La Maur's Infringement Claim—

La Maur is a Minnesota company which has been involved in the creation, manufacture and distribution of hair care products since the 1930's. Like many of its competitors, La Maur puts out a variety of products—hair sprays, permanent waves, bleaches, toners, shampoos, setting gels and lotions, cream rinses—under several different brand names. La Maur products are marketed both at the professional level for use in beauty salons and at the retail level for consumer home use. The retail products and a main line of the professional products are marketed under the brand name "Style." La Maur has registered and now owns ten "Style" trademarks—"Style" (3) "Mr. Style," "Teen Style," "Style Bright," "Stylast," "Stylist," "Stylette," "Stylac"—the first registered in 1958, the last in 1966. La Maur's principal product has been and is "Style" hairspray.

Alberto-Culver is a Delaware corporation with its business offices in Melrose Park, Illinois. Alberto-Culver manufactures a wide variety of personal hygiene and grooming products, including hair care products which compete nationally with those of La Maur. Defendant Leonard H. Lavin Company, a subsidiary of Alberto-Culver, distributes the allegedly infringing product.

In 1970 Alberto-Culver introduced a retail product designed to bleach the natural color from the hair and to replace that color with one of ten blonde shades of "toner." The bleach was packaged separately from the companion toners, but the packaging was coordinated, the bleach in a red box, the toners in blue boxes, all with the name "Blondes American Style" in red, white and blue. Upon viewing the product one might mistakenly assume the product name to be "American Style," for these two words are in bold red and blue block lettering on a neutral background, while the word "Blondes" is printed in white script lettering across the portraits of blonde females whose variously colored fashions tend to obscure the lettering or to minimize its effect.

The essential question in the infringement issue is deceptively simple, namely, will the mark of the allegedly infringing goods cause confusion as to the source of origin of the goods? *La Maur* v. *Revlon*, 245 F. Supp. 839, 842 (D. Minn. 1965). Would a would-be blonde plucking a package of "Blondes American Style" from the hair care shelf of the local drug, department or discount store believe she is purchasing a member of the "Style" family of products? Unfortunately, the question is not easily answered. The answer is a highly subjective one, dependent upon such factors as the structure of the industry, the similarity of the goods involved, the strength of the mark in question, and third party uses of the mark.[1]

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1. The Court follows the rationale which the Second Circuit arrived at after years of debate:

> "Where the products are different, the prior owner's chance of success [in an action for infringement] is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of the defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers. Even this extensive catalogue does not exhaust the possibilities—the court may have to take still other variables into account. American Law Institute, Restatement of Torts, §§ 729, 730, 731." *Polaroid Corporation* v. *Polarad Electronics Corporation*, 287 F. 2d 492, 495 (2d Cir. 1961).

1. *The Hair Care Industry.*

In the 1940's and early 1950's La Maur was a pioneer company in products for the grooming and fashioning of hair, an area that has since burgeoned into a lucrative industry. Various types of permanent waves, cold waves, setting and molding solutions, coloring processes, and other hair treatments were being developed, marketed, and then discarded as new chemicals and chemical knowledge were introduced to the hair care profession. For the most part hair care products were sold to professionals, the owners and operators of beauty shops and salons, who would use the products in their shops and also sell them to customers for home use.

Prior to the early 1950's hair spray was a lacquer-type substance with a shellac base. It was not water soluble and was, understandably, extremely difficult to remove from the hair.[2] In 1952 La Maur released a hair spray with a chemical makeup such that the product was water soluble and thus readily removed from the hair. The magical chemical ingredient in the spray is known in the hair care industry as "P. V. P." As noted by an executive of one of the all time major hair spray producers, La Maur's spray was the first water soluble aerosol hair spray, and as such generated a large amount of interest throughout the industry.[3]

See Triumph Hosiery Mills, Inc. v. *Triumph International Corporation*, 308 F. 2d 196, 198 (2d Cir. 1962).

In the present case the products *are* different, for the "Style" family of products does not include a bleach or toner.

2. The Court is under the impression that this aerosol shellac had a relatively limited market.

3. Mr. William Mears, national sales director and merchandise manager of Raymond Laboratories (now Rayette) from 1943 through 1953, testified that his company worked throughout 1952 and part of 1953 to develop a water soluble hair spray to compete with that which La Maur had recently begun to market. His testimony is corroborated by that of other witnesses who described the water solubility demonstration used by La Maur salespeople around the country.

La Maur marketed their new water soluble aerosol hair spray under the name "Style." This was not the first time the name had been applied to a La Maur product. As early as 1945 La Maur had marketed a liquid hair setting solution labelled "Style," in a logo reminiscent of that use on "Style" products to this day.[4]

Not long after La Maur introduced "Style" hair spray a number of other companies produced their own water soluble hair sprays, with the result that the hair spray market became and remains highly competitive. The hair spray market, like that of all hair care products, breaks down into several divisions. First in time came the professional hair care market. Each manufacturer of professional hair care products typically sells its wares to beauty salon owners and operators through beauty supply houses, the "jobbers" of the hair care industry. One manufacturer may specialize in a particular "line' of products and may, for example, become known as a hair color company, or a manufacturer may be a "general line" or "major line" company, supplying a broad spectrum of hair care products. La Maur is a "general line" company.[5] Both specialized and general line companies follow the practice of marketing several brands of the same product. Thus a color company will produce several blonding products and the professional division of La Maur sells permanent waves under different brand names.

The owner or operator of a beauty salon typically purchases hair care supplies from one or more dealers, each of whom carry several manufacturers' lines. Although only professional products are purchased from these dealers' salesmen, some of the products are retailed by the shop to its customers for home use. It is thus important to create and maintain the impression that professional products are superior in quality to those sold directly

4. This use of the name "Style" was subsequently discontinued. A similar product is marketed under the name "Stylast."

5. The professional division is known simply as "La Maur," the retail division as the "House of Style" (formerly Modart, Inc.").

to the consumer. This impression buttresses the exclusivity of professional hair care services and makes available for the salon the added profit from sales of the professional products, which are generally more expensive than retail products. For this reason the professional division of the hair care industry is a market unto itself.

Historically, the professional division has also been a testing ground for the retail market. Products which become well accepted at the professional level are commonly introduced at the retail level, usually under a different brand name or in packaging distinct from that used for the professional product. La Maur moved "Style" hair spray from the professional to the retail market in just this manner, retaining the brand name but altering the packaging and appearance of the product.[6]

Manufacturers distribute their retail products through independent jobbers or through their own sales force. La Maur now has its own national sales organization, and Alberto-Culver employs a subsidiary company to accomplish distribution.

The private label industry is a segment of the hair care industry which overlaps both the professional and retail divisions. Individual salons, beauty supply houses or beauty "dealers," and retail stores order customized hair spray from the large manufacturers. The spray label may identify the particular salon or store, or it may be some fanciful name chosen at random. A beauty supply house may carry a dozen of its own private labels in addition to its stock manufacturers' brands. La Maur markets private label spray through its wholly owned subsidiary Beautifax, Inc.[7] As noted above, Alberto-Culver's private label company is Capital Packaging Co.

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6. The testimony at trial indicated a company's failure to distinguish between its professional line and its retail line might well result in the demise of the product at the professional level. This apparently was the fate of Rayette's "Aqua Net," popularly believed to be the No. 1 selling hair spray in the retail field today, but a "dead item" at the professional level.

7. Formerly Aerosol Industries, Inc.

2. *Strength of the "Style" Mark.*

La Maur owns ten trademark registrations containing the word "Style" or some derivative thereof. The products manufactured under these marks are designated by the company as the "Style family of products." At the retail level this "family" includes several strengths of hair sprays and lacquers (e.g., regular, hard to hold, unscented), setting gels and lotions, a variety of shampoos and cream rinses, conditioners, and a wig product. At the professional level permanents are added to the product list.

Alberto-Culver claims that the "Style" marks are weak because they are "merely descriptive" of the goods to which they have been applied, in contravention of 15 U. S. C. § 1052(e), which prohibits the registration of a descriptive term. The Court finds that the term "style" is not descriptive of hair spray shampoo, cream rinse, conditioner, permanent waves, or setting gels and lotions. The La Maur mark and its registered derivatives may be suggestive of the function of these products or of the end result of the use of the products, but the term in itself is not descriptive. *See Wella Corporation* v. *La Maur, Inc., supra.*

The term "styling" as used in "styling spray," "styling gel," "styling lotion," or "styling mist" is clearly descriptive. La Maur has no rights in the word "styling," and purported at trial to claim no rights in the word.[8] At times manufacturers have substituted the word "style" for the descriptive "styling," as in Lilt's "Deluxe Style Kit" (a permanent wave), "style creme," or "style gel." This use, or abuse, of the language does not render the word "style" descriptive.

8. The evidence as to what La Maur's position in regard to the word "styling" has been is contradictory. Some inter-office memoranda indicate a proprietary interest in the term. However, the bulk of the evidence indicates that La Maur has neither attempted to identify "styling" as its own nor afforded the term the type of protection extended to its registered marks.

"Style" is an extraordinarily common term in the hair care or, for that matter, any fashion-oriented industry. However, even words in common parlance may gain trademark recognition and legal protection under the secondary meaning doctrine. *Goodyear Tire and Rubber Company* v. *H. Rosenthal Company,* 246 F. Supp. 724, 728 (D. Minn. 1965). When the public attributes to a mark a connection with a certain product or group of products, that mark has gained secondary meaning within the respective product area, prohibiting would-be users of the mark *in that area.* Indicia of secondary meaning include the length and manner of use of the name or mark, the nature and extent of advertising and promotion of the mark, and efforts toward promoting a conscious connection in the minds of the public between the mark and the product. *Time, Inc.* v. *Life Television Corporation, supra,* at 474. *See Sears Roebuck and Company* v. *Allstate Driving School,* 301 F. Supp. 4 (E. D. N. Y. 1969).

As noted above, "Style" was first applied to a La Maur product about 1945, first used on the water soluble hair spray in the early 1950's, and first registered as a trademark in 1958. A strong presumption of validity attaches to any mark finally registered by the Patent Office. 15 U. S. C. § 1057(b). *Aluminum Fabricating Co. of Pittsburgh* v. *Season-All Window Corporation,* 259 F. 2d 314 (2d Cir. 1958).

The "Style" marks have been pugnaciously protected over the years through negotiation and litigation. In its earliest trademark litigation La Maur succeeded in having Wella's "Style-Tex" trademark cancelled, *Wella Corporation* v. *La Maur, Inc.,* 312 F. 2d 831 (C. C. P. A. 1963), and has since successfully opposed the registration of several "style" related trademarks.[9]

9. *See La Maur, Inc.* v. *Cournoyer Industries, Inc.,* 167 U. S. P. Q. 476 (T. T. A. B. 1970) ("Styl-Lift"); *La Maur, Inc.* v. *Richard Gregg Mfg. Co.,* 167 U. S. P. Q. 510 (T. T. A. B. 1970) ("Style-Tender"); *La Maur, Inc.* v. *Matney,* 167 U. S. P. Q. 559 (T. T. A. B. 1970) ("Italian Style"). *See also La Maur, Inc.* v. *Revlon, Inc., supra.* In 1965 another lawsuit was terminated when a consent decree was entered in *Smith* v. *De Mert & Dougherty, Inc.*

While prior litigation is not conclusive as to the present case,[10] these opinions do establish that La Maur has had a continuous and recognized use of the term "Style" in the field of hair care preparations.

The promotion of "Style" products has not occurred for the most part through national media channels. No advertising has been broadcast on radio or television, and only a very limited amount has been placed in nationally distributed women's magazines. La Maur has chosen to finance catalogues, promotional sales, exhibits at national and regional hair care shows, cooperative local advertising, "push money" and other salesmen incentives with its advertising budget. Though it does not engage in the apparently more prestigious media advertising as a means of placing its "Style" products before the public's gaze, the effectiveness of La Maur's advertising can hardly be questioned. At the professional level "Style" hair care preparations are found on the beautician's work table literally from coast to coast. The professional products are also resold to those customers who believe they are somehow superior to the retail "Style" products. The retail products are stocked by drug, department and discount stores from Seattle to Dallas, from San Francisco to Atlanta. La Maur has consistently expended substantial amounts to guarantee national distribution of "Style" products.

From the consistent sales of "Style" hair spray throughout the country the Court concludes that it is a recognized consumer

(No. 62 C 893, N. D. Ill. June 8, 1965), in which De Mert and Dougherty agreed not to use "Style" or derivatives thereof in filling private label orders, except when the salon ordering the spray incorporated the term "style" in its own name, or when the term was used in a clearly descriptive sense and not as part of the spray name.

10. "This question [of confusion] is, of course, one of fact and not of principle and therefore little help can be found in previous decisions." *Time, Inc.* v. *Life Television Corporation*, 123 F. Supp. 470, 474 (D. Minn. 1954). *See Seven Up Co.* v. *Cheer Up Sales Co. of St. Louis, Mo.*, 148 F. 2d 909, 912 (8th Cir. 1945); *Societe Anonyme* v. *Julius Wile Sons*, 161 F. Supp. 545, 547 (S. D. N. Y. 1958).

item which deserves the protection of the trademark laws.[11] The other "Style" chemical hair care preparations do not seem to share the prominence of the hair spray item, but they are newer products with growing sales, and their identification with the more popular spray buttresses La Maur's claim to the exclusive use of the mark "Style" in the area of chemical hair care preparations.

3. *Similarity of Goods.*

The "Style" products and "Blondes American Style" are chemical hair care preparations. This classification may be considered a discrete subdivision of the larger chemical grooming products market or a discrete subdivision of the hair care industry. "Style" hair spray and "Blondes American Style" are both "wet" or "soft" hair care goods. They are commonly found on neighboring shelves in retail stores. Manufacturers of one retail hair care preparation commonly carry more than one product under a specific brand name.

La Maur currently manufactures no blonding product for the retail market. It does, however, manufacture and sell a bleach, conditioner, and toner at the professional level. It is not inconceivable that La Maur would move its blonding products from the professional market to the retail market, as it has done with other successful professional products in the past, or that the blonding product's name would trade upon the previously established "Style" mark.

Even if there were little likelihood of La Maur moving into the color market in the near future, given the structure of the

11. As in the *Revlon* case, La Maur presented a "superabundance" of evidence as to the amount of advertising and promotion engaged in by La Maur executives and salesmen and as to the presence of the "Style" family of products in stores nationwide. While many, if not most, retail outlets which carry "Style" spray also carry some other "Style" products, the sales sheets introduced at trial reveal that the major "Style" product by far is the hair spray in its various strengths and sizes. The detail of the reports remain confidential by agreement of counsel.

industry involved, a bleaching product is so related to hair spray, shampoo, cream rinse, conditioner, and setting solutions that it would be reasonable to conclude that they come from the same source if they bear the same or similar marks. *See Chandon Champagne Corporation* v. *San Marino Wine Corporation*, 335 F. 2d 531 (2d Cir. 1964); *Sears Roebuck & Company* v. *Allstate Driving School, supra,* at 12. The Court thus concludes that there is a substantial similarity between the La Maur "Style" products and the alleged infringer, "Blondes American Style."

Related products with similar marks are not subject to source confusion when the source is clearly designated in some way other than the product name. Here, however, the problem of similar products with similar marks is further complicated by the fact that both are, in effect, "source anonymous." La Maur does not promote its corporate name in connection with its retail products.[12] "Style" is the only term which the public has been conditioned to associate with La Maur products. The finest print on a typical "Style" product reads "Distributed by the House of Style," giving La Maur's address. Occasionally the fine print will read "House of Style" and the finer print, "Division of La Maur." Similarly, Alberto-Culver chose not to identify the manufacturing company on "Blondes American Style."[13] The name Alberto-Culver is printed at the bottom of the side panel in minute black lettering on a dark blue background, visible only to those who pride themselves in being able to read the yellow pages at ten yards.

4. *Third Party Uses.*

Defendant contends that there are so many registered and unregistered uses of the word "style" as part of a brand name

12. There was also testimony that only those beauticians who actually do the buying for a beauty salon would be aware that "Style" products come from a company named La Maur.

13. This is contrary to Alberto-Culver's practice with its "VO5" products, for example.

in the hair care industry that the exclusivity required to establish secondary meaning has been negatived. At trial Alberto-Culver introduced dozens of products and product labels which incorporate the word "style" in their title. Before commenting on these exhibits, the Court wishes to make clear that "(s)ubstantial exclusivity is a relative term. It is true that a mark cannot become distinctive of the goods of one seller in a particular area if the same mark is being used by others in the same location to such an extent that the public is as likely to associate the mark with other sellers as with the party claiming distinctiveness. Certainly one hundred per cent exclusivity is not required." *Wurzburger Hofbrau Aktiengesellschraft* v. *Schoenling Brewing Co.*, 331 F. Supp. 497, 506 (S. D. Ohio 1971).[14]

The Court finds that the uses of the name "style" presented by defendant do not infringe on the substantial exclusivity which La Maur products enjoy in the chemical hair care preparation area of the hair care industry. The uses break down into five categories, which are not mutually exclusive.

A. "Dry" products. Defendant introduced combs, brushes, curlers, electric curling irons, electric combs and blow-dry devices, hair bonnets and nets, and a make-up kit, all using the word "style" in some form in their respective names, as evidence that La Maur's uses of the term "style" is less than exclusive. Defendants fails to appreciate that these are "dry" products and that they are marketed in an area of the hair care industry in which La Maur enjoys *no* control over the term "style".[15] For this reason, the registration and use of these marks does not affect La Maur's position in regard to the "Style" family of products.

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14. The *Wurzburger* opinion deals with both trademark infringement and unfair competition; its observations on exclusivity are relevant to both issues.

15. As found by the Court above, La Maur has a strong mark on "Style" hair spray and a moderate mark on the other "Style" products. Outside the chemical hair care preparation area of the industry La Maur has demonstrated no sales of even moderate significance and no strengthening of its mark to the point where it would be protectible.

B. Registrations or products with limited use. Products in this category, like "Nestyle" or "Stylotion," are not marketed through retail channels and/or they produce such insignificant sales that they are virtually unknown. While samples of these products were actually purchased by defendant's employees, their distribution is so limited that they were not recognized by credible witnesses well seasoned in the hair care industry.[16]

C. Descriptive uses. This category includes products which have substituted the word "style" for the descriptive form "styling," and products which use the terms "styler," "styling," and "stylist" in a descriptive manner. The trademark laws prohibit rights in descriptive terminology. Use of the truly descriptive forms of "style" does not infringe La Maur's family of marks nor does it weaken the substantial exclusivity of the marks.

D. Names of beauty salons. The Court viewed a number of slides of beauty salon store fronts, all with the word "style" or some derivative thereof in the name of the enterprise. It is undisputed that the word "style" is a common word, particularly in the grooming and fashion industries. However, the fact that many shops which provide hair care services choose to identify themselves in part through a word which marks La Maur products does not destroy the exclusivity of the term in the limited product area in which La Maur has created a name for itself.

E. Private label industry. The private label sprays which carry the name "style" or some derivative thereof on their labels do not affect the substantial exclusivity of La Maur's mark for two reasons. First, the volume of sales of such sprays is minute when compared with the total volume of hair spray sold today. Second, such labels usually constitute advertising for a shop which bears the name "style" in some form in its business name. The highly individualized labels are readily identifiable with a certain small business enterprise. Of necessity the amount of private label spray sold by any one such shop is very limited,

16. The Court discounts the testimony of Carmen Harlan.

and will certainly never be confused with La Maur's "Style."[17]

5. *Other factors.*

A. Actual confusion. Although two retail sales persons each recounted an instance in which a customer indicated some misunderstanding as to the source of "Blondes American Style," the Court finds that there has been no showing of actual confusion. Neither version constituted clear, credible testimony that could be trusted so long after the instance occurred for so crucial a finding.[18] Of course, the absence of actual confusion does not destroy plaintiff's claim. As stated before, the test is whether or not there is a *likelihood* of confusion as to the source of the allegedly infringing product.

B. The surveys. Two surveys were introduced at trial, one by plaintiff to demonstrate that consumers do believe that "Blondes American Style" is manufactured by the same company which puts out the La Maur "Style" products, and one by defendant to demonstrate that consumers do not associate "Blondes American Style" with the company which manufactures "Style" products. There was a good deal of controversy as to the admissibility of the La Maur survey, which included nine hundred interviews equally divided among Minneapolis, Dallas and Los Angeles area residents.

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17. La Maur (Beautifax) itself puts out a small amount of private label spray with "style" or "styling" on the label. The evidence indicates that Beautifax now discourages orders of this nature from its private label customers. Those customers who insist on spray with "style" on the label sign a consent form, indicating that La Maur consents to the label only when it fills the order. The consent form protects La Maur from accusations that it has acquiesced in the use of its trademark by others. La Maur has been overly cautious in the use of this consent form, occasionally requiring users of a descriptive form of the word "style" to sign the form. (For example, ".....'s Lace Net Styling Spray"). As noted above, La Maur has no rights in the descriptive term "styling."

18. Ms. Harlan's testimony was generally discredited, and Ms. Wilkinson's testimony, though generally reliable, was necessarily somewhat vague as to an event that occurred two to three years earlier, an event that she recalled only after being on the witness stand for some time.

Defendant objected to the introduction of summary sheets, insisting that each of the thirty-plus interviewers who participated in the survey had to be called to the witness stand to lay proper foundation for the introduction of their respective interview sheets. Plaintiff presented the survey supervisor who trained all the interviewers, the survey coordinators from Dallas and Los Angeles, and the Minneapolis interviewers, in addition to the expert who designed the survey and the data analyst who correlated the survey results.

Defendant's objections go to the weight to be accorded the survey, not its admissibility. *La Maur, Inc.* v. *Revlon, supra,* at 842; *Miles Laboratories* v. *Frolich,* 195 F. Supp, 256 (S. D. Cal. 1961), and cases cited therein. *See also Sears Roebuck and Co.* v. *Allstate Driving School, supra,* at 16. All surveys involve hearsay, some involve "double hearsay," as here where the interviewers related their findings to a supervisor who testified in court. Courts variously cite the state of mind exception or the business records exception to the hearsay rule to allow the admission of survey evidence, and to allow it without the lengthy and repetitious testimony of every interviewer who participated in the survey. *Zippo Mfg. Company* v. *Rogers Imports, Inc.,* 216 F. Supp. 670, 684 (S. D. N. Y. 1963). The survey is admissible either under these exceptions to the hearsay rule, or because it is a necessary type of evidence in trademark infringement litigation and its trustworthiness has been amply demonstrated to this Court. *Id.*[19] The Court was impressed with the high caliber of the professionals who designed the La Maur survey, trained the interviewers and analyzed the data. The methodology relating to sampling techniques and verification of the survey results appear to be scientifically sound.

Unfortunately, neither survey was of significant assistance to the Court in determining whether or not confusion exists as

19. Judge Feinberg's decision represents a scholarly yet practical approach to the admissibility of survey evidence; the Court concurs in its rationale.

to the source of "Blondes American Style." The La Maur survey consisted of the interviewers going to the home of the selected interviewees and requesting such interviewee to place ten retail hair care products in a group or groups according to the companies that manufactured the products.[20] The interviewee was then asked why she had formed the groups as she did. While seemingly well-designed to avoid any bias on the part of the interviewer and to register whether or not the average consumer associates "Blondes American Style" with the manufacturers of the "Style" products, the La Maur survey suffered from the problem inherent in coaxing the consumer to halt her daily activities and devote ten to fifteen minutes to a gratuitous interview. Some older apartment residents were afraid to open their doors to a stranger, and thus the interview had to be conducted with the products on the hallway floor with the interviewee responding through a partially closed door. Many participated in the survey only with greatest reluctance, or with a cavalier attitude. There was also some evidence that interviewers overly eager to complete their quota of interviews "assisted" interviewees in grouping the products or in answering the survey questions. For these reasons the Court cannot consider accurate the statistical projections as to that portion of the population which would identify the source of "Blondes American Style" as being the manufacturer of the "Style" family of products.

The Alberto-Culver survey was conducted in retail stores in the Minneapolis area. In this survey the interviewer approached a female consumer about to purchase a hair care product, held up a box of "Blondes American Style" and asked if the interviewee knew what company manufactured the product. The

20. The ten products included six Alberto-Culver products: VO5 Hair Spray, VO5 Hair Setting Gel, VO5 Hair Conditioner, VO5 Creme Rinse, Get Set Hair Setting Lotion, and Blondes American Style, and four La Maur products: Style Wig Set, Style Hair Spray, Style Setting Lotion, and Style Protein Setting Gel. Neither "Get Set" nor "Blondes American Style" are readily identifiable as Alberto-Culver products, and the wig product is not packaged in the same motif as the other "Style" products.

interviewer then asked if the interviewee knew of any other products put out by the company which manufactured "Blondes American Style." The Court doubts that the method of selecting stores in which to conduct this survey rendered a representative sampling of Minneapolis hair care product consumers. Further, since most interviewees did not know who made "Blondes American Style," the second question was misleading, very probably evoking the reaction, "If I don't know who manufactured this product, how would I know what else they manufacture?"[21]

Thus, despite the impressive credentials of the survey supervisors, the surveys themselves were of little of no assistance to the Court.

Quite simply, it is defendant's claim that no consumer walking into a retail store and viewing the shelves of hair care products would believe that the red and blue boxes containing bleach and toner and bearing the unitary phrase "Blondes American Style" came from the same company which manufactures chemical hair care products bearing the distinctive "Style" logo.[22] Defendant, however, is not uneducated as to trademark law. Defendant, a large corporation manufacturing dozens of products that bear registered marks, commonly follows the practice of conducting trademark searches before choosing a name for a new product. In 1967 defendant attempted to register the name "Curl 'n Style." At that time the Patent Office informed Alberto-Culver that the mark could not be registered due to La Maur's

21. While the Court understands that the intent of the second question was to ascertain whether any consumers would answer "Style" as being from the same source as "Blondes American Style," the sequence of the questions coupled with the fact that "Blondes American Style" is for all practical purposes source anonymous rendered the question very misleading.

22. The "Style" mark is usually found on product labels in a distinctive script with an oval shaped marking behind it. However, the mark is also found in block lettering on some packaging and advertising.

registrations and use of the "Style" marks.[23] About the same time Alberto-Culver held meetings with La Maur executives to explore the possibility of an acquisition or merger. It is clear that Alberto-Culver knew that La Maur's primary product line centered around the "Style" brand name. The merger never materialized.

In 1970 when the time came to provide Alberto-Culver's new bleach and toner with a brand name, a search of the trademark registry was made in relation to the phrase "Blondes American Style," and all of La Maur's "Style" products were cited to Alberto-Culver as potentially conflicting marks. Despite its problems in registering "Curl 'n Style," its knowledge that La Maur's primary trademark was "Style," and the list of "Style" marks found in its 1970 trademark search, Alberto-Culver went ahead and named its new product "Blondes American Style." Apparently no attempt was made to register this name. While the Court does not find that the evidence indicates a willful palming off of "Blondes American Style" as a La Maur product, the facts do indicate that Alberto-Culver was aware that it ran the risk of infringing another manufacturer's mark by using the name "Blondes American Style."

In conclusion, the Court finds that where there is no indication of the source of a hair care preparation named "Blondes American Style" (or as it appears on the package, "American Style") and where the "Style" family of products have gained a secondary meaning in the consumer mind not diluted by third party uses in its respective area of exploitation, and where the industry structure is such that consumers could reasonably believe that the manufacture of the "Style" products had expanded its line to include a bleach and toner, "Blondes American Style" infringes the La Maur "Style" trademarks in contravention

23. Defendant claims that the matter was not pursued beyond initial inquiry because the plans to market "Curl 'n Style" was dropped. Be that as it may, defendant was still on notice as to the Patent Office's reaction to the registration of a unitary phrase containing the word "Style."

of the trademark laws, 15 U. S. C. §§ 1051, et seq. The requisite "likelihood of confusion" exists.

II. Alberto-Culver's and Capitol Packaging Company's Antitrust Claims

There are two antitrust claims. First, Alberto-Culver claims that La Maur has engaged in a concerted effort to monopolize the term "Style" by making excessive and litigious threats to users and would-be users of the term. Second, Alberto-Culver's wholly owned subsidiary Capitol Packaging Co. claims that La Maur engages in an illegal typing arrangement for the purpose of excluding competitors from the private label industry. Specifically, La Maur requires consents from those private label users who use some form of the word "style" on their label, and Capitol Packaging Co. maintains that this in effect "ties" hair spray to the desired name, "style."

A. *Monopoly of the Word "style."*

It is clear that any owner of a patent or a trademark is entitled to protect its registered rights through negotiation and litigation. Such actions on the part of a trademark owner may create and strengthen the potential monopoly which a trademark registration affords the registrant, but such a monopoly is legally sanctioned and not within the scope of those arrangements deplored by the antitrust laws. *See American Infra-Red Radiant Co.* v. *Lambert Industries, Inc.*, 360 F. 2d 977, 997 (8th Cir. 1966). Of course, malicious or excessive threats which go to companies whose activities could not possibly be considered as infringing upon the registrant's respective area of exploitation might be construed as an effort to extend a trademark monopoly beyond its legal limits. However, before a claimant may recover anything under the antitrust laws it must plead and prove actual damages. 15 U. S. C. § 15. Damages which are purely speculative, remote, or based upon conjecture

cannot serve as a basis for antitrust recovery. *Siegfried* v. *Kansas City Star Company*, 298 F. 2d 1 (8th Cir. 1962), in *American Infra-Red Radiant Company* v. *Lambert Industries, Inc., supra*, at 996. But for the defense of this lawsuit, defendant Alberto-Culver's "counterclaim fails to allege any specific injury to its business or property by reason of plaintiff's conduct." *Alberto-Culver Company* v. *Andrea Dumon, Inc.*, 466 F. 2d 705, 711 (7th Cir. 1972).

The Court finds that plaintiff brought this lawsuit in good faith to protect its duly registered "Style" trademarks against infringement by another chemical hair care preparation, and as such the action itself is not violative of the Sherman Act. *Alberto-Culver Company* v. *Andrea Dumon, Inc., supra*, at 711. The defense of the suit is thus not attributable to any violation of the antitrust laws, and defendant may not recover treble attorneys' fees as damages.[25] Without reaching the merits of the claim, the Court concludes that there is no substance to Alberto-Culver's antitrust counterclaim because Alberto-Culver has suffered no damages.

B. *The Tying Arrangement.*

Both La Maur and Capitol Packaging fill private label hair spray orders. Some of these orders are placed by beauty salons that carry some form of the word "style" in their business name. When La Maur's wholly owned subsidiary Beautifax issues a

24. The court in *Andrea Dumon* dismissed the antitrust counterclaims upon this finding. This Court heard the facts purported to support the claim, and makes the same finding despite days of testimony.

25. There is some authority to the effect that no patent (trademark) litigation expense may be recovered as treble damages in an antitrust suit. *Straus* v. *Victor Talking Machine Company*, 297 F. 791 (2d Cir. 1924), *in American Infra-Red Radiant Company* v. *Lambert Industries, supra*, at 997. Even assuming treble attorneys' fees are collectible, defendant has failed to demonstrate that plaintiff brought this suit with other than a legal purpose and that there exists a causal connection between the bringing of the action and the illegal conduct. *Id.*

private label with some form of the word "style" in the name it requires the purchaser to sign a "consent form," which states that La Maur consents to the use of the label only when it is refilled by a division of La Maur. In this way La Maur clearly indicates that it is not acquiescing in the use of its trademark by any other manufacturer. Defendant-counterclaimant contends that this consent requirement forces all hair spray purchasers who want to use their "style"-related business name on a private label to purchase spray from La Maur, and constitutes an arrangement whereby hair spray is illegaly tied to the name "Style."

The Court declines to analyze the substantive merits of this claim. Findings as to whether or not the trademark "Style" and the spray inside the can are two distinct items, whether or not La Maur possesses sufficient economic power in the tying item (the name "Style") to restrain competition in the tied product market (nameless hair spray), whether or not a substantial amount of commerce is affected by the arrangement, and whether or not there are special facts justifying such an arrangement, *Siegel* v. *Chicken Delight, Inc.*, 448 F. 2d 43, 47 (9th Cir. 1971), are irrelevant in view of the fact that Capitol Packaging has proven no harm to its business. The evidence clearly indicated, and the Court finds, that Capitol Packaging fills private label spray with the word "style" in the name and does so without threat of reprisal from La Maur. As noted above in 1965 La Maur consented to De Mert and Dougherty's use of the word "style" on private label sprays when the word is used in a descriptive sense or when it is part of the name of a beauty enterprise. There was no evidence that La Maur has threatened any private label filler or purchaser with any economic reprisal or litigious action arising out of the use of the word "style" as part of a business name on a private label. In short, Capitol Packaging has not shown the harm requisite to recovery under any of the anti-trust laws. 15 U. S. C. § 15; *Alberto-Culver Company* v. *Andrea Dumon, Inc., supra;*

American Infra-Red Radiant Company v. *Lambert Industries, Inc., supra.* Capitol Packaging competes for and gets a portion of the private label industry requiring "style" in the product name.

III. Relief.

Given the findings of fact and conclusions of law contained in this opinion, the Court enjoins Alberto-Culver and the Leonard H. Lavin Company from any further manufacture or distribution of "Blondes American Style." Recall of stock currently on *retail* shelves is not mandatory, but no further units may be sold or consigned to those who sell at the retail level. This is not to imply that Alberto-Culver or the Leonard H. Lavin Company could distribute "Blondes American Style" at the professional level or in any other manner. The relief is only designed to spare Alberto-Culver the expense of locating units of "Blondes American Style" at the retail level, and the expense of actually withdrawing any remaining units of the product from the market place. Any units held by wholesalers, "jobbers" or other industry middlemen will not advance to the retail level.

Damages will not be awarded to any party. All parties are to bear their own costs and attorneys' fees.

Plaintiff will submit to the Court a proposed Order for Judgment.

It is so ordered.

June 18, 1973.

/s/ Earl R. Larson
United States District Judge

APPENDIX B

UNITED STATES COURT OF APPEALS
For the Eighth Circuit

No. 73-1713

LA MAUR, INC.,
Plaintiff-Appellee,

vs.

ALBERTO-CULVER COMPANY AND LEONARD H. LAVIN & COMPANY,
Defendants-Appellants,

and

ALBERTO-CULVER COMPANY AND CAPITOL PACKAGING CO.,
Counterclaimants-Appellants,

vs.

LA MAUR, INC.,
Counterdefendant-Appellee.

Appeal from the United States District Court for the District of Minnesota.

Submitted: April 17, 1974.
Filed: May 14, 1974.

Before HEANEY and STEPHENSON, *Circuit Judges*, and TALBOT SMITH, *Senior District Judge.**

* Talbot Smith, Senior District Judge, Eastern District of Michigan, sitting by designation.

PER CURIAM

This appeal is from the holding of the United States District Court for the District of Minnesota** that the Alberto-Culver Company's hair product "Blondes American Style" infringed upon the La Maur, Incorporated, trademark "Style" and the family of trademarks derived therefrom. The opinion is reported at 179 U. S. P. Q. 607 (1973).

Appellant, Alberto-Culver, claims here, as it did in its counterclaim below, that the La Maur "Style" trademark should be cancelled and that La Maur is in violation of the antitrust laws. Alberto-Culver also claims that the trial court errored in several other aspects, contending primarily that the record in the case shows no evidence of any likelihood of confusion between the La Maur and Alberto-Culver marks. According to Alberto-Culver, the marks are not similar in sound, appearance or meaning; further, the trial court did not consider this fact and therefore its finding of likelihood of confusion is clearly erroneous.

After careful consideration of the entire record we are satisfied that the district court's determination that the "requisite 'likelihood of confusion' exists", is based on findings that are not clearly erroneous and that no error of law appears.

Implicit throughout the trial court's exhaustive examination of the facts and law is the overriding consideration of trademark similarity. The findings of the district court are amply supported by the record. Further amplification of the trial court's opinion would serve no useful purpose.

Accordingly we affirm on the basis of the trial court's extensive and well-reasoned opinion.

A true copy.

Attest:

Clerk, U. S. Court of Appeals,
Eighth Circuit.

** Honorable Earl Larson.

APPENDIX C

UNITED STATES COURT OF APPEALS
For the Eighth Circuit

No. 73-1713. September Term, 1973

LA MAUR, INC., *Appellee,*
vs.
ALBERTO-CULVER COMPANY, ET AL., *Appellants.*

Appeal from the United States District Court for the District of Minnesota.

Petition of appellants for rehearing filed in this cause having been considered, it is now here ordered by this Court that the same be, and it is hereby, denied.

June 14, 1974

APPENDIX D

15 U. S. C. § 1, pp. 2978-2979:

"Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal: *Provide*, That nothing contained in sections 1 to 7 of this title shall render illegal, contracts or agreements prescribing minimum prices for the resale of a commodity which bears, or the label or container of which bears, the trademark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are lawful as applied to intrastate transactions, under any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia in which such resale is to be made, or to which the commodity is to be transported for such resale, and the making of such contracts or agreements shall not be an unfair method of competition under section 45 of this title: *Provided further*, That the preceding proviso shall not make lawful any contract or agreement, providing for the establishment or maintenance of minimum resale prices on any commodity herein involved, between manufacturers, or between producers, or between wholesalers, or between brokers, or between factors, or between retailers, or between persons, firms, or corporations in competition with each other. Every person who shall make any contract or engage in any combination or conspiracy declared by sections 1 to 7 of this title to be illegal shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court."

15 U. S. C. § 15, pp. 2983-2984:

"Any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee."

15 U. S. C. § 26, p. 2991:

"Any person, firm, corporation, or association shall be entitled to sue for and have injunctive relief, in any court of the United States having jurisdiction over the parties, against threatened loss or damage by a violation of the antitrust laws, including sections 13, 14, 18, and 19 of this title, when and under the same conditions and principles as injunctive relief against threatened conduct that will cause loss or damage is granted by courts of equity, under the rules governing such proceedings, and upon the execution of proper bond against damages for an injunction improvidently granted and a showing that the danger of irreparable loss or damage is immediate, a preliminary injunction may issue: *Provided*, That nothing herein contained shall be construed to entitle any person, firm, corporation, or association, except the United States, to bring suit in equity for injunctive relief against any common carrier subject to the provisions of the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, in respect of any matter subject to the regulation, supervision, or other jurisdiction of the Interstate Commerce Commission."

15 U. S. C. § 1052(d)-(f), p. 3350:

"(d) Consists of or comprises a mark which so resembles a mark registered in the Patent Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided*, That when the Commissioner determines that confusion, mistake, or de-

ception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (i) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; or (ii) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (iii) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Concurrent registrations may also be issued by the Commissioner when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Commissioner shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods in connection with which such mark is registered to the respective persons.

"(e) Consists of a mark which, (1) when applied to the goods of the applicant is merely descriptive or deceptively misdescriptive of them, or (2) when applied to the goods of the applicant is primarily geographically descriptive or deceptively misdescriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, or (3) is primarily merely a surname.

"(f) Except as expressly excluded in paragraphs (a)-(d) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the appellant's goods in commerce. The Commissioner may accept as prima facie evidence that the mark has become distinctive, as applied to the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years next preceding the date of the filing of the application for its registration."

15 U. S. C. § 1116, pp. 3364-3365:

"The several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent Office. Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found.

"The said courts shall have jurisdiction to enforce said injunction, as provided in this chapter, as fully as if the injunction had been granted by the district court in which it is sought to be enforced. The clerk of the court or judge granting the injunction shall, when required to do so by the court before which application to enforce said injunction is made, transfer without delay to said court a certified copy of all papers on file in his office upon which said injunction was granted.

"It shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the provisions of this chapter to give notice thereof in writing to the Commissioner setting forth in order so far as known the names and addresses of the litigants and the designating number or numbers of the registration or registrations upon which the action, suit, or proceeding has been brought, and in the event any other registration be subsequently included in the action, suit, or proceeding by amendment, answer, or other pleading, the

clerk shall give like notice thereof to the Commissioner, and within one month after the decision is rendered, appeal taken or a decree issued the clerk of the court shall give notice thereof to the Commissioner, and it shall be the duty of the Commissioner on receipt of such notice forthwith to endorse the same upon the file wrapper of the said registration or registrations and to incorporate the same as a part of the contents of said file wrapper."

APPENDIX E

UNITED STATES DISTRICT COURT
District of Minnesota
Fourth Division

LA MAUR, INC., *Plaintiff,*
vs.
ALBERTO-CULVER COMPANY and LEONARD H. LAVIN & COMPANY, *Defendants.*
File No. 4-70 Civ. 442

WRIT OF INJUNCTION

UNITED STATES OF AMERICA
DISTRICT OF MINNESOTA } ss.

The President of the United States to Alberto-Culver Company and Leonard H. Lavin & Company,

GREETINGS:

WHEREAS, Judgment in favor of plaintiff was filed and entered herein on August 27, 1973 providing for certain injunctive relief against defendants Alberto-Culver Company and Leonard H. Lavin & Company; and

WHEREAS, pursuant to Rule 62(a) of the Federal Rules of Civil Procedure, unless otherwise ordered by the Court, a final judgment in an action for an injunction shall not be stayed during the period after its entry; and

WHEREAS, the injunction provisions in said Judgment have not been stayed by order of the Court;

NOW, THEREFORE, pursuant to said Judgment, you, Alberto-Culver Company, and you, Leonard H. Lavin & Company, and